Scottish Charity Regulator (OSCR)
Inquiry Report under section 33 of the Charities and Trustee Investment (Scotland) Act 2005

Clan Donald Lands Trust (SC007862)

Introduction

Clan Donald Lands Trust is a charitable trust registered as a charity on 6 May 1971. It owns lands and property on the Isle of Skye, including Armadale Castle and Sleat Estate.

Background

OSCR opened an inquiry in April 2025 into the Clan Donald Lands Trust (the charity) following the decision by the charity trustees to sell the charity's significant landholdings on the open market.

A closing date of 28 August 2025 has been set for the sale of the Sleat Estate. This is the deadline for any interested parties to submit an offer.

Our inquiries have focused on engagement with the charity trustees to understand the trustee's decision making and establish the rationale for the sale within the context of the charity's current financial position. The charity trustees have co-operated fully with the inquiry and provided OSCR with information as requested.

Findings

Having considered the information provided, OSCR has established no grounds to intervene in the decision of the charity trustees to sell its landholdings including the Sleat Estate and Armadale property assets. OSCR will not be intervening in the sale. The charity's trustees have acted within their powers and taken legal and financial advice prior to placing the charity's landholdings up for sale. Charity trustees are the persons who have the general control and management of the administration of a charity. They are ultimately responsible for the

management of the charity and as such they must make decisions and take certain actions. Whether others agree with their choices or not, OSCR cannot take action where the charity trustees have made decisions or taken actions that are within the powers set out in the charity's governing document and have acted in accordance with their **legal duties** as charity trustees.

Update to detail of the report - January 2026

Due to the significant ongoing public interest in this case, OSCR believes that it would be in the best interests of improving public confidence and understanding to publish more information on our work in this instance, and the context of recent decisions made by this charity.

Decision to sell the South Sleat Estate and Armadale Castle

- Community consultation

We asked the charity trustees about whether community consultation had been undertaken prior to the land and property being put up for sale. While the charity was not under a legal duty to carry out such consultation, it was considered best practice by the Scottish Land Commission.

The trustees explained that their decision was made in response to the charity's challenging financial position. The trustees were of the view that their priority was to act swiftly and responsibly to protect the charity's assets and ensure the charity's long-term viability.

The charity trustees also explained to us that they were conscious of their responsibilities toward crofters and recognised them as a protected interest group. As a result, trustees provided three months' notice to the community of their intention to sell the Armadale component of the estate, being the area of land of greater local socio-economic interest.

- Charity finances

We asked the charity trustees about the current financial position of the charity. The trustees' view was that the charity was facing challenging financial circumstances.

The detailed response we received included monthly cash flow projections for the charity up to October 2026 with breakdowns for income from ticket sales, retail activity and accommodation.

The charity trustees also provided visitor figures and visitor projections for 2025 and 2026. We noted that visitor numbers at the Armadale Visitor Centre were down by approximately 10% compared with the same period last year. The trustees told us that they had implemented all reasonable cost efficiencies as early in the year as possible. Based on available projections and taking into account anticipated income from the remainder of the visitor season (which ended in October 2025), the charity trustees anticipated being able to continue operations until February 2026, but the charity would not be financially viable beyond this date.

The charity trustees also provided information about a relevant decision taken by the charity's main funder, the Glencoe Foundation.

The charity had been reliant on grant funding from the Glencoe Foundation for many years." As stated in the charity's annual accounts for 2021, 2022 and 2023, the charity had received the following amounts from the Glencoe Foundation:

2021 - £876,000
2022 - £707,000
2023 - £707,000

The financial support received from the Glencoe Foundation charity was not guaranteed.

The charity trustees were informed by the Glencoe Foundation in 2024 that it was no longer able to continue covering the charity's annual deficits at historic levels and in January 2025, Glencoe Foundation confirmed further reductions in its financial support. The charity's auditors advised that, in light of the change in the long-term funding situation, it was not possible to sign off the 2024 accounts on a going concern basis until there was greater clarity regarding progress on the proposed estate sale.

In OSCR's view, the charity trustees' decision to sell the South Sleat Estate and Armadale Castle was taken following detailed and ongoing consideration of the charity's long-term financial position, supported by this wide range of information.

Other issues considered by OSCR

Within our inquiry, we also considered the following issues which had been raised with us as matters of concern about the charity:

- An agreement between the charity and Dalavil Consultancy Limited
- The governance of the charity including the sufficiency of oversight exercised by the charity trustees of the charity's operations.

Commercial agreement with Dalavil Consultancy Limited

During our inquiry, we gathered information from the charity about a commercial agreement between the charity and Dalavil Consultancy Limited covering the period January 2022 to November 2023.

An individual connected to the charity's Chief Executive was the owner and sole director of Dalavil Consultancy Limited.

The charity trustees engaged Dalavil Consultancy Limited to support estate management. The arrangement was transparent and overseen by trustees. All potential conflicts of interest were documented and managed appropriately. OSCR concluded that there was no issue of concern with this arrangement.

The company has since been dissolved at Companies House.

Governance and Trustee Oversight

As part of our inquiry, we considered the oversight that the charity trustees have of the charity and its operations.

The charity trustees explained that they maintain oversight of the charity through a combination of governance practices, structured communication, and accountability mechanisms including delegated operational leadership, daily communication between the trustees and the Chief Executive, periodic site visits

by trustees and regular board meetings. The Board of Trustees formally convenes at least quarterly in response to more recent challenges and the dynamic operational environment, the Board has in practice convened fortnightly, with some periods requiring twice-weekly meetings to ensure timely decision-making and effective oversight. Professional advisors and consultants attend meetings where appropriate to support trustees in their decision making on complex matters.

The charity's future plans

The charity applied to OSCR for consent to change its name and charitable purposes in 2025.

OSCR consented to the charity changing its name to Clan Donald Heritage Trust on 13 May 2025. The charity had the power to amend its charitable purposes in its governing document. OSCR consented to the charity changing its charitable purposes on 13 August 2025. The new charitable purposes were adopted by the charity trustees on 7 November 2025.

The new purposes can be viewed on the charity's entry on the Scottish Charity Register here.

The charity's website outlines the trustees' longer-term plans following the sale of Armadale Castle and the landholdings. This sale is expected to be concluded in February 2026.